

The background of the slide is a collage of various recycled plastic bottles and aluminum cans. In the upper left, there is a blue aluminum can with its top removed, showing the pull tab. To its right is a clear plastic bottle with its cap off. Below the blue can is another clear plastic bottle. To the right of that is a green plastic bottle with its cap off. The bottom half of the slide features a light blue background with a pattern of faded, overlapping images of plastic bottle caps and aluminum can tops.

# Review of the Reform Process to Date and the Resulting Reform Proposal

October 16, 2013



# STAKEHOLDER PROCESS

- Met between July and November, 2012.
- Introduced a Spring Finance Letter to the Legislature on April 2, 2013.
- The Budget Act approved appropriation and positions to implement the proposal effective July 1, 2013.
- The “trailer bill” was signed on September 26, 2013.
- On October 1, 2013, news release issued regarding the signing of the bill and the major changes.
- List serve communication summarizing all of the changes issued for recyclers, processors and others on October 4, 2013.
- Stakeholder meeting to discuss implementation of the trailer bill held on October 16, 2013.



# IMPORTANCE OF QUARTERLY REPORTS

Since the stakeholder process, mandated Quarterly Reports projecting when proportional reductions would be necessary have been issued as of:

- January 31, 2013 report forecast proportional reductions beginning in the 2015-16 fiscal year;
- April 24, 2013 report forecast proportional reductions beginning in the 2014-15 fiscal year;
- July 24, 2013 report forecast proportional reductions beginning in the 2014-15 fiscal year;



# STATUS OF FUNDING

Status of Beverage Container Recycling Fund  
January 31, 2013

Table 1: Projected Fund Balances in FY 2015-2016 Triggering Proportional Reduction

Fund Balances	Actual Assets End of FY 2011-12	Projected Assets End of FY 2015-16
Beverage Container Recycling Fund (0133)	\$ 205,285,000	\$ (2,062,000)
Glass Processing Fee Fund (0269)	\$ (2,625,000)	\$ 3,850,000
Plastic Processing Fee Fund (0278)	\$ 5,290,000	\$ 22,569,000
Bi-Metal Processing Fee Fund (0277)	\$ 13,984,000	\$ 17,572,000
Penalty Account Fund (0276)	\$ 5,187,000	\$ 6,049,000
	\$ 227,121,000	\$ 47,978,000
Loan Repayment Balances		
Beverage Container Recycling Fund (0133)	\$ 201,077,000	\$ -
Glass Processing Fee Fund (0269)	\$ 39,000,000	\$ -
Plastic Processing Fee Fund (0278)	\$ 27,000,000	\$ -
	\$ 267,077,000	\$ -
Total Assets	\$ 494,198,000	\$ 47,978,000
Less, Prudent Reserves <b>[Note 1]</b>		
Beverage Container Recycling Fund (0133)	\$ 53,670,000	\$ 57,020,000
Glass Processing Fee Fund (0269)	\$ 2,895,000	\$ 2,968,000
Plastic Processing Fee (0278)	\$ 1,100,000	\$ 573,000
Bi-Metal Processing Fee Fund (0277)	\$ 20,000	\$ 14,000
Penalty Account Fund (0276)	\$ -	\$ -
Reserve Requirement	\$ 57,685,000	\$ 60,575,000
Assets Available, All Funds	\$ 436,513,000	\$ (12,597,000)

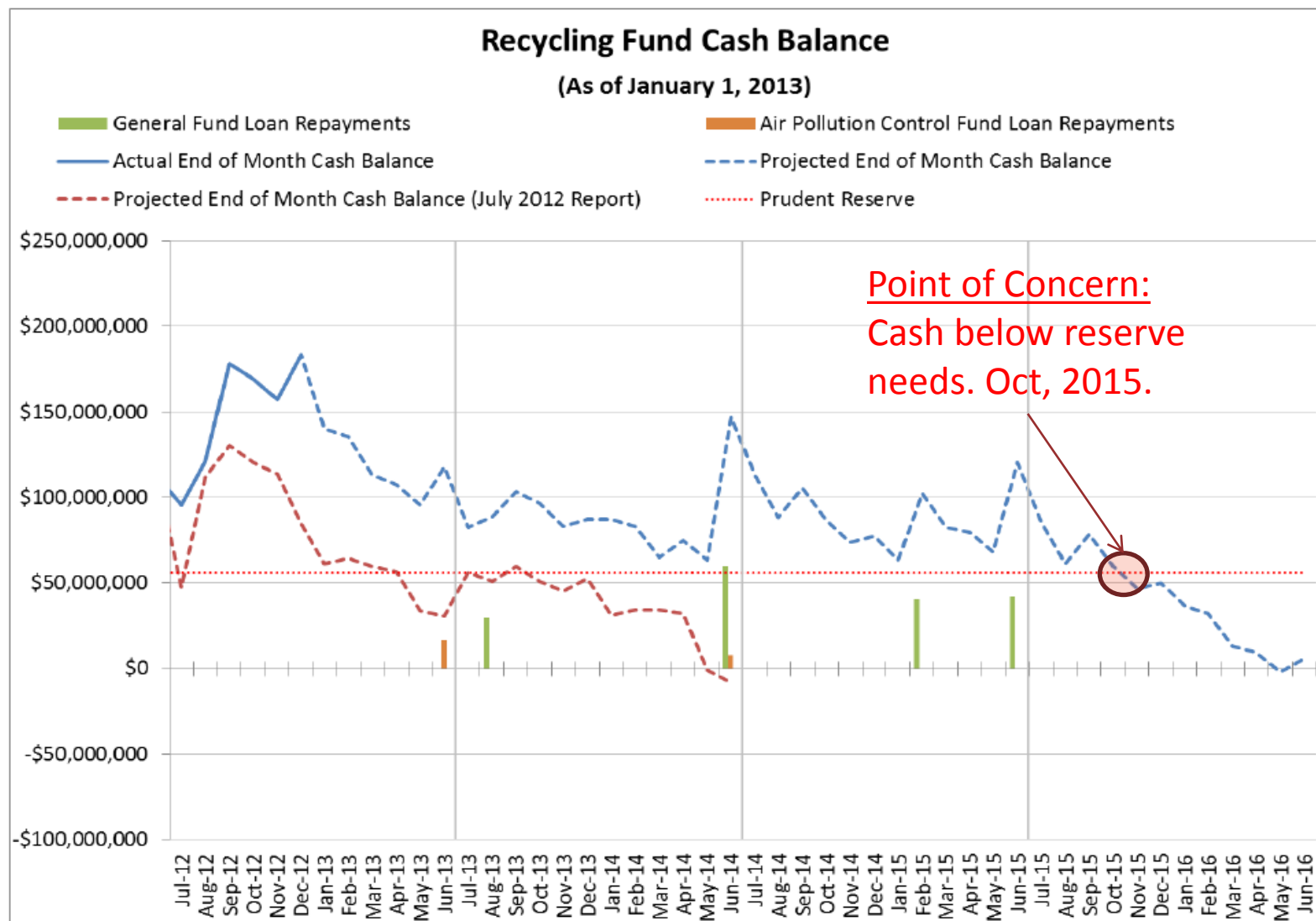
Resources Available  
(not equal to cash)

[Note 1] - 0133 based on PRC Section 14580(a)(2); all other funds based on 5% of expenditure

# CASH FORECAST IN JANUARY, 2013

Status of Beverage Container Recycling Fund  
January 31, 2013

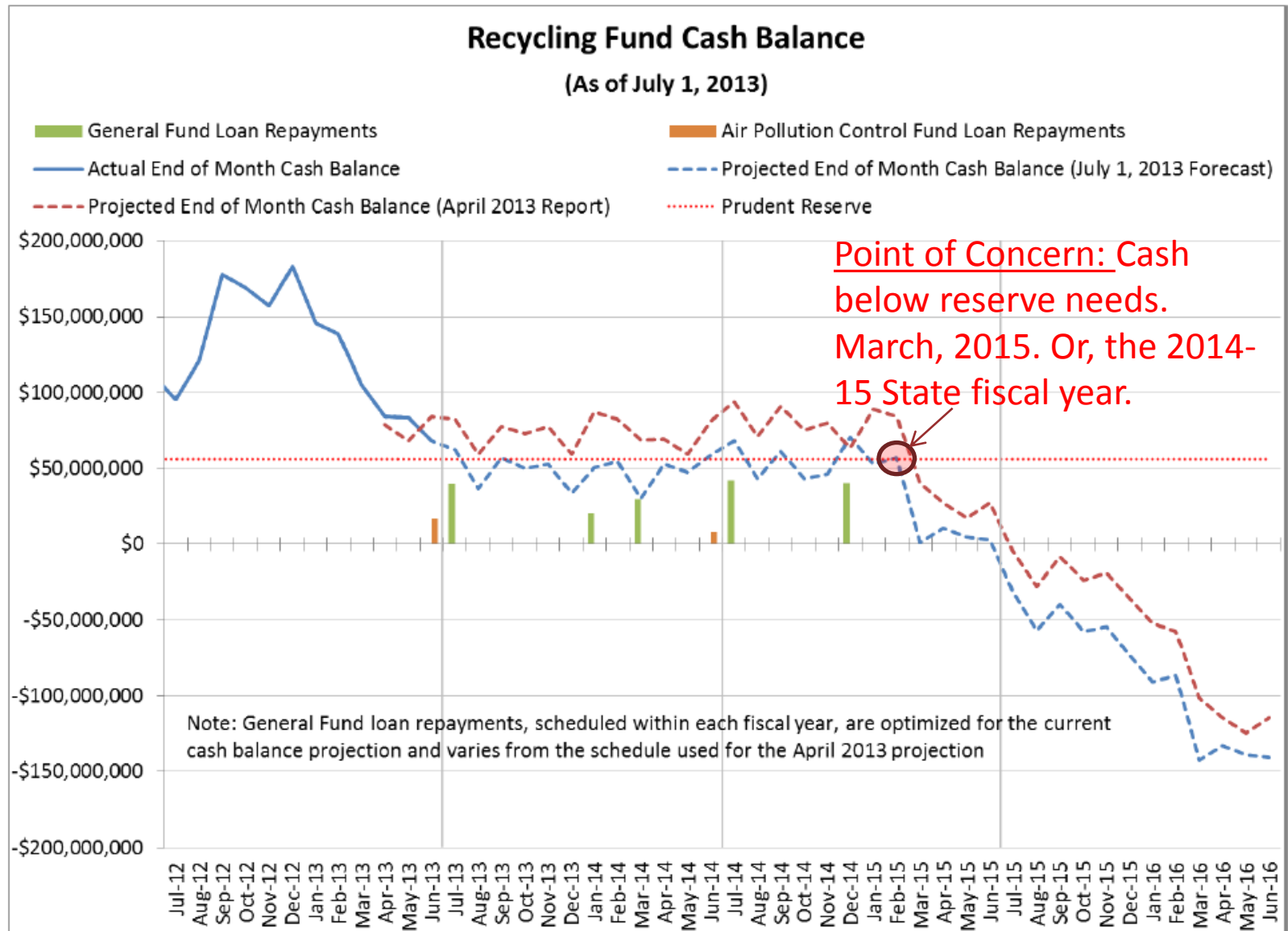
Chart 1: Recycling Fund Cash Balance Projection



# CASH FORECAST IN JANUARY, 2013

Status of Beverage Container Recycling Fund  
July 24, 2013

Chart 1: Recycling Fund Cash Balance Projection





# WHAT PROPORTIONAL REDUCTIONS MEAN IN DOLLAR TERMS IF IMPLEMENTED IN JULY, 2014

Status of Beverage Container Recycling Fund  
July 24, 2013

Table 1: Recycling Fund Expenditures Impacted by Proportional Reduction

Expenditures Subject to Proportional Reduction <b>[Note 1]</b>	Estimated Expenditures FY 2012-13 <b>[Note 2]</b>	Estimated Expenditures FY 2014-15 at 75% Proportional Reduction	Estimated Expenditures FY 2015-16 at 100% Proportional Reduction
Processing Fee Offsets	\$68,330,000	\$17,082,500	\$0
Handling Fees	\$40,168,000	\$10,042,000	\$0
Curbside Supplemental Payments	\$15,000,000	\$3,750,000	\$0
Local Conservation Corps	\$20,073,000	\$5,018,250	\$0
City/County Payments	\$10,500,000	\$2,625,000	\$0
Competitive Grants	\$1,500,000	\$375,000	\$0
Public Education and Information	\$0	\$0	\$0
Quality Incentive Payments	\$10,000,000	\$2,500,000	\$0
Plastic Market Development	\$12,489,000	\$3,122,250	\$0
<b>Total</b>	<b>\$178,060,000</b>	<b>\$44,515,000</b>	<b>\$0</b>

[Note 1] - California Refund Value, Beverage Container Recycling Program Administration,  
and payments to control agencies are not subject to proportional reduction

[Note 2] - FY 2012-13 is used as a baseline to better reflect the estimated Processing Fee Offset amounts for  
FY 2014-15 and FY 2015-16



**URGENCY TO IMPLEMENT SB 96 IS  
TO AVOID PROPORTIONAL  
REDUCTIONS. WE NEED YOUR  
HELP AND SUPPORT.**